



BILLING CODE: 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-905]

Certain Polyester Staple Fiber from the People's Republic of China: Preliminary Results of the Antidumping Duty Administrative Review

AGENCY: Import Administration, International Trade Administration, Department of Commerce

SUMMARY: The Department of Commerce ("Department") is conducting the administrative review of the antidumping duty order on certain polyester staple fiber from the People's Republic of China ("PRC") for the period of review ("POR") June 1, 2010, through May 31, 2011. As discussed below, the Department preliminarily determines that Zhaoqing Tifo New Fibre Co., Ltd. ("Zhaoqing Tifo") did not sell subject merchandise in the United States at prices below the normal value ("NV"). If these preliminary results are adopted in our final results of review, the Department will instruct U.S. Customs and Border Protection ("CBP") to assess antidumping duties on entries of subject merchandise during the POR for which the importer-specific assessment rates are above *de minimis*.

EFFECTIVE DATE: [Insert date of publication in the *Federal Register*].

FOR FURTHER INFORMATION CONTACT: Steven Hampton or Susan Pulongbarit, AD/CVD Operations, Office 9, Import Administration, International Trade Administration, Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-0116 or (202) 482-4031, respectively.

SUPPLEMENTARY INFORMATION:

Background

On June 1, 2007, the Department published in the *Federal Register* an antidumping duty order on certain polyester staple fiber from the PRC.¹ On July 28, 2011, the Department published a notice of initiation of an administrative review of certain polyester staple fiber from the PRC covering the period June 1, 2010, through May 31, 2011, for nine companies.² On August 26, 2011, the Department published a correction notice to include one company that was inadvertently omitted from the *Initiation Notice*.³ On February 9, 2012, the Department published in the *Federal Register* a notice extending the time period for issuing the preliminary results by 30 days.⁴ On April 2, 2012, the Department published in the *Federal Register* a second notice fully extending the time period for issuing the preliminary results by 90 days.⁵

Respondent Selection

Section 777A(c)(1) of the Tariff Act of 1930, as amended (“the Act”) directs the Department to calculate an individual weighted-average dumping margin for each known exporter or producer of the subject merchandise. However, section 777A(c)(2) of the Act gives

¹ See *Notice of Antidumping Duty Order: Certain Polyester Staple Fiber from the People's Republic of China*, 72 FR 30545 (June 1, 2007) (“Order”).

² See *Initiation of Antidumping and Countervailing Duty Administrative Reviews, Requests for Revocations in Part and Deferral of Administrative Review*, 76 FR 45227 (July 28, 2011) (“Initiation Notice”). Those companies are: Far Eastern Industries, Ltd., (Shanghai) and Far Eastern Polychem Industries; Cixi Jiangnan Chemical Co., Ltd.; Cixi Sansheng Chemical Fiber Co., Ltd.; Zhejiang Waysun Chemical Fiber Co., Ltd., and its affiliate, Cixi Waysun Chemical Fiber Co., Ltd.; Hangzhou Sanxin Paper Co., Ltd.; Nantong Luolai Chemical Fiber Co., Ltd.; Nan Yang Textiles Co., Ltd.; Zhaoqing Tifo New Fiber Co., Ltd.; and Huvis Sichuan Chemical Fiber Corp., and Huvis Sichuan Polyester Fiber Ltd.

³ See *Initiation of Antidumping and Countervailing Duty Administrative Reviews and Requests for Revocation in Part*, 76 FR 53404 (August 26, 2011).

⁴ See *Certain Polyester Staple Fiber from the People's Republic of China: Extension of Preliminary Results of the Antidumping Duty Administrative Review*, 77 FR 6783 (February 9, 2012).

⁵ See *Certain Polyester Staple Fiber from the People's Republic of China: Extension of Preliminary Results of the Antidumping Duty Administrative Review*, 77 FR 19619 (April 2, 2012).

the Department discretion to limit its examination to a reasonable number of exporters and producers if it is not practicable to examine all exporters and producers involved in the review.

On August 17, 2011, the Department released CBP data for entries of the subject merchandise during the POR under administrative protective order (“APO”) to all interested parties having an APO, inviting comments regarding the CBP data and respondent selection.⁶ On August 24, 2011, the Department received comments from Zhaoqing Tifo.

On September 30, 2011, the Department issued its respondent selection memorandum after assessing its resources and determining that it could reasonably examine two exporters subject to this review. Pursuant to section 777A(c)(2)(B) of the Act, the Department selected Zhaoqing Tifo and Far Eastern Industries (Shanghai) Ltd., and Far Eastern Polychem Industries (“Far Eastern”) as mandatory respondents.⁷ On October 4, 2011, the Department sent antidumping duty questionnaires to Zhaoqing Tifo and Far Eastern.

On October 26, 2011 the Department sent a letter to Far Eastern to inquire why it did not submit a response to the Department’s October 4, 2011, questionnaire. On October 27, 2011, the Department received a letter from Far Eastern where it indicated that it would no longer participate in this review.

⁶ See the Department’s Letter to All Interested Parties regarding 2010-2011 Administrative Review of the Antidumping Duty Order of Certain Polyester Staple Fiber from the PRC: CBP Data for Respondent Selection, dated August 17, 2011.

⁷ See Memorandum to James Doyle, Director, AD/CVD Operations, Office 9, from Steven Hampton, International Trade Compliance Analyst, Office 9, Import Administration regarding 4th Antidumping Duty Administrative Review of Certain Polyester Staple Fiber from the PRC: Response to Petitioner’s Comments on CBP Data, dated September 30, 2011 (“Respondent Selection Memo”).

Surrogate Country and Surrogate Value Data

On November 9, 2011, the Department sent interested parties a letter inviting comments on surrogate country selection and surrogate value (“SV”) data.⁸ On December 9, 2011, Zhaoqing Tifo submitted comments on surrogate country selection. On January 9, 2012, the Department received information to value factors of production (“FOP”) from Zhaoqing Tifo. On January 19, 2012, the Department received a rebuttal response to Zhaoqing Tifo’s SV submission from Petitioner. The SVs placed on the record from Zhaoqing Tifo were obtained from sources in Thailand, whereas the SVs placed on the record by Petitioner were from sources in Indonesia.

Scope of the Order

The merchandise subject to this proceeding is synthetic staple fibers, not carded, combed or otherwise processed for spinning, of polyesters measuring 3.3 decitex (3 denier, inclusive) or more in diameter. This merchandise is cut to lengths varying from one inch (25 mm) to five inches (127 mm). The subject merchandise may be coated, usually with a silicon or other finish, or not coated. Polyester Staple Fiber is generally used as stuffing in sleeping bags, mattresses, ski jackets, comforters, cushions, pillows, and furniture.

The following products are excluded from the scope: (1) Polyester Staple Fiber of less than 3.3 decitex (less than 3 denier) currently classifiable in the Harmonized Tariff Schedule of the United States (“HTSUS”) at subheading 5503.20.0025 and known to the industry as polyester staple fiber for spinning and generally used in woven and knit applications to produce textile and apparel products; (2) Polyester Staple Fiber of 10 to 18 denier that are cut to lengths

⁸ See the Department’s Letter to All Interested Parties regarding Antidumping Duty Order on Polyester Staple Fiber from the People’s Republic of China, dated November 9, 2011 (“Surrogate Country Memo”).

of 6 to 8 inches and that are generally used in the manufacture of carpeting; and (3) low-melt polyester staple fiber defined as a bi-component fiber with an outer, non-polyester sheath that melts at a significantly lower temperature than its inner polyester core (classified at HTSUS 5503.20.0015).

Certain polyester staple fiber is classifiable under the HTSUS subheadings 5503.20.0045 and 5503.20.0065. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise under the orders is dispositive.

Non-Market Economy (“NME”) Country Status

In every case conducted by the Department involving the PRC, the PRC has been treated as an NME country. In accordance with section 771(18)(C)(i) of the Act, any determination that a foreign country is an NME country shall remain in effect until revoked by the administering authority.⁹ Accordingly, the Department has calculated the NV in accordance with section 773(c) of the Act, which applies to NME countries. With the exception of the two mandatory respondents, the Department did not receive a separate rate application or certification from any other party in this proceeding.

Surrogate Country

When the Department conducts an antidumping administrative review of imports from an NME country, section 773(c)(1) of the Act directs it to base NV, in most circumstances, on the NME producer’s FOPs, which are valued in the surrogate market economy (“ME”) country or countries considered to be appropriate by the Department. In accordance with section 773(c)(4) of the Act, in valuing the FOPs, the Department shall utilize, to the extent possible, the SVs of

⁹ See, e.g., *Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Coated Free Sheet Paper from the People's Republic of China*, 72 FR 30758, 30760 (June 4, 2007), unchanged in *Final Determination of Sales at Less Than Fair Value: Coated Free Sheet Paper from the People's Republic of China*, 72 FR 60632 (October 25, 2007).

FOPs in one or more ME countries that are: (1) at a level of economic development comparable to that of the NME country; and (2) significant producers of comparable merchandise. Further, pursuant to 19 CFR 351.408(c)(2), the Department will normally value FOPs in a single country. The sources of the SVs are discussed under the “Normal Value” section below and in the Surrogate Value Memorandum.¹⁰

On November 9, 2011, the Department sent interested parties a letter requesting comments on surrogate country selection and information pertaining to valuing FOPs. On January 9, 2012, the Department received surrogate country and value comments from Zhaoqing Tifo suggesting that the Department select Thailand as the surrogate country. On January 19, 2012, the Department received surrogate country and value comments from Petitioner suggesting that the Department select Indonesia as the surrogate country. On April 6, 2012, Zhaoqing Tifo submitted additional comments for the preliminary determination arguing that the Department should rely upon Thailand for SVs. On April 18, 2012, Petitioner submitted additional comments arguing that the Department should rely upon Indonesia for SVs.

Pursuant to its practice, the Department received a list of potential surrogate countries from Import Administration’s Office of Policy in which it determined that Colombia, Indonesia, Philippines, South Africa, Thailand and Ukraine were at a comparable level of economic development to the PRC.¹¹ The Department notes that the Surrogate Country List is a non-exhaustive list of economically comparable countries. The Department also notes that the record does not contain publicly available SV factor information for the Colombia, Philippines, South

¹⁰ See Memorandum to the File through Scot T. Fullerton, Program Manager, Office 9 from Steven Hampton, International Trade Analyst, Office 9: 2010 - 2011 Antidumping Duty Administrative Review of Certain Polyester Staple Fiber from the People’s Republic of China: Surrogate Values for the Preliminary Results, dated concurrently with this notice (“Surrogate Value Memorandum”).

¹¹ See Surrogate Country Memo.

Africa, and Ukraine. Because parties submitted no information on the record with respect to whether the potential surrogate countries are significant producers of comparable merchandise, the Department used data from the Global Trade Atlas (“GTA”) published by Global Trade Information Services, Inc. to confirm that Indonesia and Thailand are both significant producers of comparable merchandise.

The Department’s practice when selecting the best available information for valuing FOPs, in accordance with section 773(c)(1) of the Act, is to select, to the extent practicable, SVs which are product-specific, representative of a broad-market average, publicly available, contemporaneous with the POR and exclusive of taxes and duties.¹² As a general matter, the Department prefers to use publicly available data representing a broad-market average to value SVs.¹³

The Department notes that Zhaoqing Tifo’s surrogate country and value comments includes Thai SVs for all inputs and one financial statement from a single Thai producer of comparable merchandise. In addition, Petitioner’s SV submission includes Indonesian SVs for all inputs except energy, labor, and movement, and three financial statements from Indonesian producers of comparable merchandise for the calculation of surrogate financial ratios.

As stated above, with regard to Thailand, the record contains publicly available surrogate factor value information for all of the FOPs. However, the proposed SVs for certain FOPs are “basket” harmonized tariff schedule categories and are not specific to the material inputs consumed by Zhaoqing Tifo during production. Moreover, the Thai financial statement that Petitioner placed on the record from Indorama Ventures Ltd. (“Indorama”) does not meet the

¹² See, e.g., *Electrolytic Manganese Dioxide From the People’s Republic of China: Final Determination of Sales at Less Than Fair Value*, 73 FR 48195 (August 18, 2008) and accompanying Issues and Decision Memorandum at Comment 2.

¹³ *Id.*

Department's criteria for selecting it as the best available information, in that Indorama does not share the same level of integration as Zhaoqing Tifo and contains a subsidy that was previously countervailed by the Department.¹⁴

With regard to Indonesia, the record contains publicly available surrogate factor SVs for most FOPs. With respect to the remaining FOPs (*i.e.*, energy, labor, and movement) the Department has placed Indonesian SVs on the record of this proceeding.¹⁵ Of the three Indonesian financial statements that Petitioner submitted, two of the financial statements are from companies that do not produce identical merchandise in that they produce polyester staple fiber used in woven and knit applications, which is expressly excluded in the scope. However, the financial statement of P.T. Asia Pacific Fibers Tbk. demonstrates that it produces identical merchandise, shares the same level of integration as Zhaoqing Tifo, and does not contain any evidence of countervailable subsidies. Lastly, the Indonesian data on the record is more specific to the FOPs consumed by Zhaoqing Tifo.

Therefore, given the facts summarized above, the Department finds that the information on the record supports a finding that Indonesia is the most appropriate primary surrogate country because Indonesia is at a similar level of economic development to the PRC, pursuant to section 773(c)(4) of the Act, it is a significant producer of comparable merchandise, and reliable, publicly available data have been provided on the record for valuing the FOPs. In accordance with 19 CFR 351.301(c)(3)(ii), for the final results in an antidumping administrative review,

¹⁴ See Letter from Zhaoqing Tifo regarding Certain Polyester Staple Fiber from the People's Republic of China: Surrogate Values for the Preliminary Determination, dated January 9, 2012 at Exhibit SV-8, page 169. See also *Final Negative Countervailing Duty Determination: Bottle-Grade Polyethylene Terephthalate (PET) Resin From Thailand*, 70 FR 13462 (March 21, 2005) and accompanying Issues and Decisions Memorandum at Comment 3A.

¹⁵ See Memorandum to the File from Steven Hampton, International Trade Compliance Analyst, Office 9, Import Administration regarding: Placing Indonesian Surrogate Value Sources on the Record: Fourth Antidumping Duty Administrative Review of Certain Polyester Staple Fiber from the PRC, dated concurrently with this notice.

interested parties may submit publicly available information to value FOPs within 20 days after the date of publication of these preliminary results.

Facts Otherwise Available

Section 776(a)(1) and (2) of the Tariff Act of 1930, as amended (“the Act”), provides that the Department shall apply “facts otherwise available” if, *inter alia*, necessary information is not on the record or an interested party or any other person: (A) withholds information requested by the Department; (B) fails to provide requested information by the requested date or in the form and manner requested; (C) significantly impedes an antidumping proceeding; or (D) provides information that cannot be verified as provided by section 782(i) of the Act.

As previously noted, Far Eastern did not respond to the antidumping duty questionnaire issued by the Department on October 4, 2011. Additionally, the Department confirmed delivery of the initial questionnaire.¹⁶ On October 26, 2011 the Department sent a letter to Far Eastern to inquire why it did not submit a response to the Department’s October 4, 2011, questionnaire. On October 27, 2011, the Department received a letter from Far Eastern where it indicated that it would no longer participate in this review. Given that Far Eastern indicated that it would no longer participate in this review, the Department no longer had the ability to verify or obtain supplemental information from Far Eastern, including its separate rate certification.¹⁷ Therefore, the Department finds that Far Eastern did not cooperate to the best of its ability, and its non-responsiveness necessitates the use of facts available, pursuant to sections 776(a)(2)(A),(B) and (C) of the Act.

¹⁶ See the Department’s Letter to Far Eastern regarding Certain Polyester Staple Fiber from the People’s Republic of China, dated October 26, 2011.

¹⁷ See Letter from Far Eastern to the Secretary of Commerce regarding Polyester Staple Fiber from China, dated September 26, 2011.

Based upon Far Eastern's failure to submit a response to the Department's questionnaire, the Department finds that Far Eastern withheld requested information, failed to provide the information in a timely manner and in the form requested, and significantly impeded this proceeding, pursuant to sections 776(a)(2)(A),(B) and (C) of the Act. Further because Far Eastern failed to demonstrate that it is eligible for a separate rate,¹⁸ the Department considers it to be part of the PRC-wide entity. Thus the Department finds that the PRC-wide entity, including Far Eastern, withheld requested information, failed to provide information in a timely manner and in the form requested, and significantly impeded this proceeding. Therefore, the Department must rely on the facts otherwise available in order to determine a weighted-average dumping margin for the PRC-wide entity, pursuant to section 776(a)(2)(A),(B) and (C) of the Act.¹⁹

Adverse Facts Available

Section 776(b) of the Act states that if the Department "finds that an interested party has failed to cooperate by not acting to the best of its ability to comply with a request for information from the administering authority . . . may use an inference that is adverse to the interests of that party in selecting from among the facts otherwise available."²⁰ Adverse inferences are appropriate "to ensure that the party does not obtain a more favorable result by failing to cooperate than if it had cooperated fully."²¹ In selecting an adverse inference, the Department

¹⁸ In an NME, companies that do not submit a response to the questionnaire or do not adequately establish that they are independent of government control are subject to the single economy-wide rate. In this case, by failing to respond to the antidumping duty questionnaire and impeding the Department's ability to verify its separate rate certification, Far Eastern did not provide evidence that they are independent of government control.

¹⁹ See *Non-Malleable Cast Iron Pipe Fittings from the People's Republic of China: Final Results of Antidumping Duty Administrative Review*, 71 FR 69546 (December 1, 2006) and accompanying Issues and Decision Memorandum at Comment 1.

²⁰ See also Statement of Administrative Action accompanying the Uruguay Round Agreements Act, H.R. Rep. No. 103-316 at 870 (1994) ("SAA").

²¹ *Id.*

may rely on information derived from the petition, the final determination in the investigation, any previous review, or any other information placed on the record.²²

Because Far Eastern, which is part of the PRC-wide entity, failed to cooperate to the best of its ability in providing the requested information, as discussed above, the Department finds it appropriate, in accordance with sections 776(a)(2)(A), (B) and (C), as well as section 776(b) of the Act, to assign total adverse facts available (“AFA”) to the PRC-wide entity.²³ By doing so, the Department ensures that the PRC-wide entity will not obtain a more favorable result by failing to cooperate than had they cooperated fully in this review.

As discussed above, section 776(b) of the Act authorizes the Department to use, as AFA, information derived from the petition, the final determination in the less-than-fair-value (“LTFV”) investigation, any previous administrative review, or any other information placed on the record. In selecting an AFA rate, the Department’s practice has been to assign non-cooperative respondents the highest rate from either from the petition, or for any party in the LTFV investigation or for any party in any administrative review.²⁴ As AFA, the Department is assigning the PRC-wide entity, which includes Far Eastern, the highest rate from any segment of this proceeding, which in this case is 44.30 percent as applied to the PRC-wide entity in the LTFV investigation and originating from the petition.²⁵

²² See section 776(b) of the Act.

²³ See *Certain Frozen Warmwater Shrimp from the Socialist Republic of Vietnam: Preliminary Results of the First Administrative Review and New Shipper Review*, 72 FR 10689, 10692 (March 9, 2007) (decision to apply total AFA to the NME-wide entity) unchanged in *Certain Frozen Warmwater Shrimp from the Socialist Republic of Vietnam: Final Results of the First Antidumping Duty Administrative Review and First New Shipper Review*, 72 FR 52052 (September 12, 2007).

²⁴ See *Certain Steel Nails from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances*, 73 FR 33977 (June 16, 2008).

²⁵ See *Final Determination of Sales at Less Than Fair Value and Partial Affirmative Determination of Critical Circumstances: Certain Polyester Staple Fiber from the People’s Republic of China*, 72 FR 19690 (April 19, 2007) and accompanying Issues and Decision Memorandum (“*Polyester Staple Fiber Final Determination*”).

Corroboration

Section 776(c) of the Act requires that, where the Department relies on secondary information in selecting AFA, the Department corroborates such information to the extent practicable. To be considered corroborated, the Department must find the information has probative value, meaning that the information must be both reliable and relevant.²⁶

On the issue of reliability, the Department corroborated the AFA rate of 44.30 percent in the LTFV investigation.²⁷ Where circumstances indicate that the selected rate is not appropriate as AFA, the Department will disregard the rate and determine an appropriate AFA rate. No information has been presented in the current review that calls into question the reliability of this information.

With respect to the relevance, the Department will consider information reasonably at its disposal to determine whether a margin continues to have relevance. Prior to this POR, the PRC-wide entity had been assigned a cash deposit and assessment rate of 44.30 percent based upon AFA. This cash deposit rate has remained in effect for the duration of this POR, and, therefore, continues to be indicative of the behavior of the PRC-wide entity. In addition, there is no information on the record of this review that demonstrates that this rate is unrepresentative of the PRC-wide entity's behavior during the POR. For all of these reasons, the Department determines that this rate continues to have relevance with respect to the PRC-wide entity, including Far Eastern.

²⁶ See SAA at 870; *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From Japan, and Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof, From Japan; Preliminary Results of Antidumping Duty Administrative Reviews and Partial Termination of Administrative Reviews*, 61 FR 57391, 57392 (November 6, 1996), unchanged in *Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, From Japan, and Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof, From Japan; Final Results of Antidumping Duty Administrative Reviews and Termination in Part*, 62 FR 11825 (March 13, 1997).

²⁷ See *Polyester Staple Fiber Final Determination*.

Therefore, the Department finds that the 44.30 percent is both reliable and relevant as an AFA rate for the PRC-wide entity, that it has probative value, and that it is corroborated to the extent practicable, in accordance with section 776(c) of the Act. The Department has preliminarily assigned 44.30 percent as AFA to the PRC-wide entity, which includes Far Eastern.

Date of Sale

Zhaoqing Tifo reported the invoice date as the date of sale because it claims that, for its U.S. sales of subject merchandise made during the POR, the material terms of sale were established on the invoice date. The Department preliminarily determines that the invoice date is the most appropriate date to use as Zhaoqing Tifo's date of sale, in accordance with 19 CFR 351.401(i).²⁸

Fair Value Comparisons

To determine whether sales of certain polyester staple fiber to the United States by Zhaoqing Tifo were made at less than NV, the Department compared the export price ("EP") to NV, as described in the "U.S. Price," and "Normal Value" sections below. In these preliminary results, the Department applied the average-to-average comparison methodology adopted in the *Final Modification for Reviews*.²⁹ In particular, the Department compared monthly, weighted-average EPs with monthly, weighted-average NVs, and granted offsets for non-dumped comparisons in the calculation of the weighted-average dumping margin.

²⁸ See also *Notice of Final Determination of Sales at Less Than Fair Value and Negative Final Determination of Critical Circumstances: Certain Frozen and Canned Warmwater Shrimp From Thailand*, 69 FR 76918 (December 23, 2004) and accompanying Issues and Decision Memorandum at Comment 10.

²⁹ See *Antidumping Proceedings: Calculation of the Weighted-Average Dumping Margin and Assessment Rate in Certain Antidumping Proceedings: Final Modification*, 77 FR 8101 (February 14, 2012) ("*Final Modification for Reviews*").

U.S. Price – Export Price

In accordance with section 772(a) of the Act, the Department calculated the EP for the sales to the United States from Zhaoqing Tifo because the first sale to an unaffiliated party was made before the date of importation and the use of constructed export price (“CEP”) was not otherwise warranted. The Department calculated EP based on the price to unaffiliated purchasers in the United States. In accordance with section 772(c) of the Act, as appropriate, the Department deducted from the starting price to unaffiliated purchasers foreign inland freight and brokerage and handling. Each of these services was either provided by an NME vendor or paid for using an NME currency. Thus, the Department based the deduction of these movement charges on the reported FOPs and SVs.

Normal Value

Section 773(c)(1) of the Act provides that the Department shall determine the NV using a FOPs methodology if the merchandise is exported from an NME and the information does not permit the calculation of NV using home-market prices, third-country prices, or constructed value under section 773(a) of the Act. The Department bases NV on the FOPs because the presence of government controls on various aspects of NMEs renders price comparisons and the calculation of production costs invalid under the Department’s normal methodologies.

Factor Valuations

In accordance with 19 CFR 351.408(c)(1), the Department will normally use publicly available information to value the FOPs, but when a producer sources an input from a ME country and pays for it in a ME currency, the Department may value the FOP using the actual price paid for the input. During the POR, Zhaoqing Tifo purchased certain inputs from ME

suppliers and paid for these inputs in a ME currencies.³⁰ The Department has confirmed that these FOPs were produced in ME countries through supplemental questionnaires. The Department has a rebuttable presumption that ME input prices are the best available information for valuing an input when the total volume of the input purchased from all ME sources during the period of investigation or review exceeds 33 percent of the total volume of the input purchased from all sources during the period.³¹ The ME input prices reported by Zhaoqing Tifo exceeded the 33 percent of the total volume purchased from all sources during the period; therefore, the Department has utilized this information to value the FOPs.³²

In accordance with section 773(c) of the Act, for subject merchandise produced by Zhaoqing Tifo, the Department calculated NV based on the FOPs reported by Zhaoqing Tifo for the POR. The Department used Indonesian import data and other publicly available Indonesian sources in order to calculate SVs for Zhaoqing Tifo's FOPs. To calculate NV, the Department multiplied the reported per-unit FOP quantities by publicly available Indonesian SVs. The Department's practice when selecting the best available information for valuing FOPs is to select, to the extent practicable, SVs which are product-specific, representative of a broad market average, publicly available, contemporaneous with the POR, and exclusive of taxes and duties.³³

As appropriate, the Department adjusted input prices by including freight costs to render them delivered prices. Specifically, the Department added to Indonesian import SVs, reported on a Cost, Insurance and Freight "CIF" basis, a surrogate freight cost using the shorter of the

³⁰ See Zhaoqing Tifo Section D Questionnaire Response, dated December 2, 2011, at 6-7 and Exhibit D-3.

³¹ See *Antidumping Methodologies: Market Economy Inputs, Expected Non-Market Economy Wages, Duty Drawback; and Request for Comments*, 71 FR 61716, 61717-18 (October 19, 2006) ("*Antidumping Methodologies*").

³² See Surrogate Value Memorandum at 2 and Attachment #1.

³³ See, e.g., *Electrolytic Manganese Dioxide From the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 73 FR 48195 (August 18, 2008) and accompanying Issues and Decision Memorandum at Comment 2.

reported distance from the domestic supplier to the factory or the distance from the nearest seaport to the factory where it relied on an import value. This adjustment is in accordance with the decision of the Federal Circuit in *Sigma Corp. v. United States*, 117 F.3d 1401, 1408 (Fed. Cir. 1997). Zhaoqing Tifo did not incur brokerage and handling fees for its ME input purchases.³⁴

In those instances where the Department could not obtain publicly available information contemporaneous to the POR with which to value factors, the Department adjusted the SVs using, where appropriate, the Indonesian Wholesale Price Index (“WPI”) as published in the International Financial Statistics of the International Monetary Fund, a printout of which is attached to the Prelim Surrogate Value Memo at Attachment 2. Where necessary, the Department adjusted SVs for inflation and exchange rates, taxes, and the Department converted all applicable FOPs to a per-kilogram basis.

The Department used Indonesian import data, on a CIF basis, from the GTA which is sourced from Statistics Indonesia, to determine the SVs for certain raw materials, by-products, packing material inputs, and coal. The Department has disregarded statistics from NME countries with generally available export subsidies, and undetermined countries, in calculating the average SVs. The Department continues to apply its long-standing practice of disregarding import data if it has a reason to believe or suspect the source data may be subsidized.³⁵ In this regard, the Department has previously found that it is appropriate to disregard such information from India, Indonesia, South Korea and Thailand because the Department has determined that

³⁴ See Zhaoqing Tifo Section C Questionnaire Response at 22.

³⁵ Omnibus Trade and Competitiveness Act of 1988, Conf. Report to Accompany H.R. 3, H.R. Rep. No. 576, 100th Cong., 2nd Sess. (1988) (“OTCA 1988”) at 590.

these countries maintain broadly available, non-industry specific export subsidies.³⁶ Based on the existence of these subsidy programs that were generally available to all exporters and producers in these countries at the time of the POR, the Department finds that it is reasonable to infer that all exporters from India, Indonesia, South Korea and Thailand may have benefitted from these subsidies.³⁷ Lastly, the Department has also excluded imports from Indonesia into Indonesia because there is no evidence on the record regarding what these data represent (*e.g.*, re-importations, another category of unspecified imports, or the result of an error in reporting). Thus, these data do not represent the best available information upon which to rely for valuation purposes.³⁸

The Department valued water using data from the 2006 United Nations report titled “*Human Development Report: Disconnected Poverty: Water Supply & Development in Jakarta, Indonesia (Water Supply and Development)*.” The Department based the value for water on the 2005 value listed for large hotels, high-rise buildings, banks, and factories. This value was inflated to POR price levels.³⁹

The Department valued electricity using Indonesian price data specified in the World Bank’s 2003 *Electricity for All: Options for Increasing Access in Indonesia*, issued in 2003 (*Electricity for All*). The electricity rates reported represent actual, country-wide, publicly

³⁶ See, *e.g.*, *Expedited Sunset Review of the Countervailing Duty Order on Carbazole Violet Pigment 23 from India*, 75 FR 13257 (March 19, 2010) and accompanying Issues and Decision Memorandum at pages 4-5; *Expedited Sunset Review of the Countervailing Duty Order on Certain Cut-to-Length Carbon Quality Steel Plate from Indonesia*, 70 FR 45692 (August 8, 2005) and accompanying Issues and Decision Memorandum at page 4; see also *Certain Hot-Rolled Carbon Steel Flat Products from Thailand: Final Results of Countervailing Duty Determination*, 66 FR 50410 (October 3, 2001) and accompanying Issues and Decision Memorandum at page 23.

³⁷ For a detailed description of all SVs used for Zhaoqing Tifo, see Surrogate Value Memo.

³⁸ See *Certain Frozen Warmwater Shrimp from the Socialist Republic of Vietnam: Final Results and Partial Rescission of Antidumping Duty Administrative Review*, 75 FR 47771 (August 9, 2010) and accompanying Issues and Decision Memorandum at Comment 6.

³⁹ See Prelim Surrogate Value Memo at Attachments 2 and 14.

available information on tax-exclusive electricity rates charged to small, medium, and large industries in Indonesia. This value was inflated to POR price levels.⁴⁰

On June 21, 2011, the Department revised its methodology for valuing the labor input in NME antidumping proceedings.⁴¹ In *Labor Methodologies*, the Department determined that the best methodology to value the labor input is to use industry-specific labor rates from the primary surrogate country. Additionally, the Department determined that the best data source for industry-specific labor rates is Chapter 6A: Labor Cost in Manufacturing, from the International Labor Organization (ILO) Yearbook of Labor Statistics (“Yearbook”).

In these preliminary results, the Department calculated the labor input using the wage method described in *Labor Methodologies*. To value the mandatory respondents’ labor input, the Department attempted to rely on data reported by Indonesia to the ILO in Chapter 6A of the Yearbook. Because Indonesia does not report labor data to the ILO under Chapter 6A, for these preliminary results, the Department is unable to use ILO's Chapter 6A data to value Zhaoqing Tifo’s labor wage and instead will use industry-specific wage rate using earnings or wage data reported under ILO's Chapter 5B. The Department finds the two-digit description under ISIC-Revision 3 ("Manufacture of Chemicals and Chemical Products") to be the best available information on the record because it is specific to the industry being examined, and is, therefore, derived from industries that produce comparable merchandise. Accordingly, relying on Chapter 5B of the Yearbook, the Department calculated the labor input using labor data reported by

⁴⁰ See Prelim Surrogate Value Memo at Attachments 2 and 15.

⁴¹ See *Antidumping Methodologies in Proceedings Involving Non-Market Economies: Valuing the Factor of Production: Labor*, 76 FR 36092 (June 21, 2011) (“*Labor Methodologies*”).

Indonesia to the ILO under Sub-Classification 24 of the ISIC-Revision 3 standard, in accordance with Section 773(c)(4) of the Act.⁴²

The Department valued brokerage and handling using a price list of export procedures necessary to export a standardized cargo of goods in Indonesia. The price list is compiled based on a survey case study of the procedural requirements for trading a standard shipment of goods by ocean transport in Indonesia that is published in *Doing Business 2012: Indonesia*, by the World Bank.⁴³

To value factory overhead, selling, general, and administrative expenses, and profit, the Department used the audited financial statements of P.T. Asia Pacific Fibers Tbk.

Currency Conversion

Where necessary, the Department made currency conversions into U.S. dollars, in accordance with section 773A(a) of the Act, based on the exchange rates in effect on the dates of the U.S. sales, as certified by the Federal Reserve Bank.

Preliminary Results of Review

The Department preliminarily determines that the following weighted-average dumping margins exist.

Manufacturer/Exporter	Weighted Average Dumping Margin
Zhaoqing Tifo New Fibre Co., Ltd.	0.21% (<i>de minimis</i>)
PRC-wide Entity (which includes Far Eastern Industries (Shanghai) Ltd., and Far Eastern Polychem Industries)	44.30%

⁴² See Prelim Surrogate Value Memo at Attachments 2 and 16.

⁴³ See Prelim Surrogate Value Memo at Attachment 19.

Disclosure and Public Comment

The Department will disclose the calculations used in our analysis to parties in this review within five days of the date of publication of this notice. Interested parties, who wish to request a hearing, or to participate if one is requested, must submit a written request to the Assistant Secretary for Import Administration, U.S. Department of Commerce, filed electronically using Import Administration's Antidumping and Countervailing Duty Centralized Electronic Service System (IA ACCESS). An electronically filed document must be received successfully in its entirety by the Department's electronic records system, IA ACCESS, by 5 p.m. Eastern Time within 30 days after the date of publication of this notice.⁴⁴ Requests should contain the party's name, address, and telephone number, the number of participants, and a list of the issues to be discussed. If a request for a hearing is made, the Department will inform parties of the scheduled date for the hearing which will be held at the U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230, at a time and location to be determined.⁴⁵ Parties should confirm by telephone the date, time, and location of the hearing. Interested parties are invited to comment on the preliminary results of this review. The Department will consider case briefs filed by interested parties within 30 days after the date of publication of this notice in the *Federal Register*. Interested parties may file rebuttal briefs, limited to issues raised in the case briefs. The Department will consider rebuttal briefs filed not later than five days after the time limit for filing case briefs. Parties who submit arguments are requested to submit with each argument a statement of the issue, a brief summary of the argument, and a table of authorities cited. The Department intends to issue the final results of

⁴⁴ See 19 CFR 351.310(c).

⁴⁵ See 19 CFR 351.310.

this administrative review, including the results of our analysis of issues raised in the written comments, within 120 days of publication of these preliminary results in the *Federal Register*.

Assessment Rates

Upon issuance of the final results, the Department will determine, and CBP shall assess, antidumping duties on all appropriate entries covered by this review.⁴⁶ The Department intends to issue assessment instructions to CBP 15 days after the publication date of the final results of this review. For any individually examined respondent whose weighted-average dumping margin is above *de minimis* (*i.e.*, 0.50 percent) in the final results of this review, the Department will calculate importer-specific assessment rates on the basis of the ratio of the total amount of dumping calculated for the importer's examined sales and the total entered value of sales, in accordance with 19 CFR 351.212(b)(1). In these preliminary results, the Department applied the assessment rate calculation method adopted in *Final Modification for Reviews*, *i.e.*, on the basis of monthly average-to-average comparisons using only the transactions associated with that importer with offsets being provided for non-dumped comparisons.⁴⁷

Where the Department calculates a weighted-average dumping margin by dividing the total amount of dumping for reviewed sales to that party by the total sales quantity associated with those transactions, the Department will direct CBP to assess importer-specific assessment rates based on the resulting per-unit rates. Where an importer- (or customer-) specific *ad valorem* or per-unit rate is greater than *de minimis*, the Department will instruct CBP to collect the appropriate duties at the time of liquidation.⁴⁸ Where an importer- (or customer-) specific *ad*

⁴⁶ See 19 CFR 351.212(b).

⁴⁷ See *Antidumping Proceeding: Calculation of the Weighted-Average Dumping Margin and Assessment Rate in Certain Antidumping Duty Proceedings; Final Modification*, 77 FR 8103 (February 14, 2012) (“*Final Modifications for Reviews*”).

⁴⁸ See 19 CFR 351.212(b)(1).

valorem or per-unit rate is zero or *de minimis*, the Department will instruct CBP to liquidate appropriate entries without regard to antidumping duties.⁴⁹

Cash Deposit Requirements

The following cash deposit requirements will be effective upon publication of the final results of this administrative review for shipments of the subject merchandise from the PRC entered, or withdrawn from warehouse, for consumption on or after the publication date, as provided by sections 751(a)(2)(C) of the Act: (1) For Zhaoqing Tifo, which has a separate rate, the cash deposit rate will be that established in the final results of this review (except, if the rate is zero or *de minimis*, then zero cash deposit will be required); (2) for previously investigated or reviewed PRC and non-PRC exporters not listed above that received a separate rate in a prior segment of this proceeding, the cash deposit rate will continue to be the existing exporter-specific rate; (3) for all PRC exporters of subject merchandise that have not been found to be entitled to a separate rate, the cash deposit rate will be the PRC-wide rate of 44.30 percent; and (4) for all non-PRC exporters of subject merchandise which have not received their own rate, the cash deposit rate will be the rate applicable to the PRC exporter that supplied that non-PRC exporter. These deposit requirements, when imposed, shall remain in effect until further notice.

Notification to Importers

This notice also serves as a preliminary reminder to importers of their responsibility under 19 CFR 351.402(f)(2) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Department's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

⁴⁹ See 19 CFR 351.106(c)(2).

This determination is issued and published in accordance with sections 751(a)(1) and 777(i)(1) of the Act and 19 CFR 351.221(b)(4).

Paul Piquado
Assistant Secretary
for Import Administration

June 29, 2012
Date

[FR Doc. 2012-16586 Filed 07/05/2012 at 8:45 am; Publication Date: 07/06/2012]